

## Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 CIAE-00 DODE-00  
NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 AGRE-00  
CEA-01 COME-00 EB-07 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSC-05 PA-01 EPG-02 AID-05 SS-15  
ITC-01 TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 AF-10  
ARA-06 EA-07 EUR-12 NEA-10 OIC-02 /129 W  
-----011140Z 020878 /15

O 011051Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 7832

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 4304

USMTN

ACTION STR

H PASS CODEL

STR PASS POMERANZ

E.O. 11652: N/A

TAGS: ETRD; MTN

SUBJECT: INPUT CABLE: GOVERNMENT PROCUREMENT, JUNE 14, 1977

REF: (A) MTN GENEVA 4249; (B) MTN GENEVA 3975

1. SUMMARY: SUBJECT MEETING NOT LIKELY TO SURFACE  
MAJOR INITIATIVES ON PART OF ANY DEL, BUT IT OFFERS  
OPPORTUNITY TO LAY GROUNDWORK FOR GOVERNMENT PROCURE-  
MENT NEGOTIATION. MTN DEL SUGGESTS THAT WE TAKE THIS  
OPPORTUNITY TO ENDORSE A PLURILATERAL APPROACH PROPOSED  
BY CANADIANS AND AGREE TO A SCHEDULE OF SUCH MEETING  
BEGINNING BEFORE SUMMER BREAK. END SUMMARY.

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2. GOVERNMENT PROCUREMENT SUBGROUP WILL CON-  
VENE JUNE 14 (REFTEL A). FOCUS OF MEETING WILL CONSIST  
PRIMARILY OF DISCUSSION OF MAJOR GOVERNMENT PROCUREMENT  
ISSUES (NON-DISCRIMINATION, TRANSPARENCY, SURVEILLANCE  
AND DISPUTE SETTLEMENT, PURCHASING ENTITIES AND THRESHOLDS).  
AT THIS MEETING, US SHOULD REITERATE ITS OBJECTIVES ON

EACH OF THE MAIN AREAS AND CONTRIBUTE COMMENTS SUPPORTING SUCH VIEWS AS APPROPRIATE. OUR TRADITIONAL POSITIONS ON EACH OF THESE TOPICS SHOULD SUFFICE FOR THIS MEETING. THIS DISCUSSION WILL BE LARGELY EDUCATIONAL FOR UNINITIATED AND IS UNLIKELY TO PRODUCE ANY NEW POSITIONS. WE SUSPECT ANY ACTION WILL BE ON THE FRINGES OF THE MEETING.

3. IN PROCESS OF DISCUSSING THEIR DRAFT WITH OTHER DELS, CANADIANS DEVELOPED AN APPROACH FOR NEGOTIATING GOVERNMENT PROCUREMENT THAT FOCUSES ON A SERIES OF PLURILATERAL MEETINGS AMONG MAJOR COUNTRIES (REFTEL B). IN WEEK PRIOR TO COMMENCEMENT OF A SUBGROUP MEETING, MTN DEL EXPECTS CANADIANS TO ORGANIZE A MEETING OF MAJOR DC'S, (US, EC, JAPAN, NORDICS AND SWISS) TO DISCUSS POSSIBILITY OF ESTABLISHING CERTAIN DATES FOR WORKING SESSIONS ON MAJOR GOVERNMENT PROCUREMENT AREAS. THE PURPOSE OF THE CANADIAN MEETING WOULD BE TO LAY OUT THE WORK PROGRAM FOR THE NEXT SIX TO EIGHT MONTHS. SPECIFICALLY, THE CANADIANS WILL RECOMMEND THAT THE MAJOR DC COUNTRIES MEET IN A SERIES OF PLURILATERAL SESSIONS TO ATTEMPT TO DRAFT A NEGOTIATING DOCUMENT WHICH COULD BE TABLED BY LATE FALL SUBGROUP MEETING. THE FIRST SERIES OF DRAFTING SESSIONS WILL CENTER ON TOPICS ON WHICH THERE IS ALREADY SOME MEASURE OF CONSENSUS, SUCH AS NON-DISCRIMINATION, MFN, TECHNICAL SPECIFICATIONS, AND OBJECTIVES. A LATER SERIES OF SESSIONS WILL TAKE UP THE MORE DIFFICULT AREAS (TRANSPARENCY, PUBLICITY, DISPUTE SETTLEMENT).

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4. MTN DEL BELIEVES THAT THERE WILL BE NO CONSENSUS IN THE MULTILATERAL MEETING TO UTILIZE THE OECD DRAFT AS A NEGOTIATING DOCUMENT. THE DEVELOPING COUNTRIES ARE WARY OF THIS TEXT BEING A "RICH MAN'S" DOCUMENT AND THEREFORE ARE RELUCTANT TO USE IT. THE CANADIANS ALSO ARE UNWILLING TO USE THE OECD DRAFT AND HAVE RE-WRITTEN MAJOR AREAS OF THE OECD DRAFT INTO MORE CONCISE LANGUAGE. THE CANADIAN DRAFT IS ALSO NOT ENTIRELY ACCEPTABLE TO OTHER DEVELOPED COUNTRIES FOR NEGOTIATING PURPOSES. ACCORDINGLY, THERE APPEARS TO BE A CONSENSUS AMONG THE MAJOR DEVELOPED COUNTRIES (REF B) TO ATTEMPT TO COME UP WITH A SYNTHESIS NEGOTIATING DRAFT WHICH COULD BE TABLED AND UTILIZED FOR NEGOTIATION PURPOSES. EACH OF THE ANTICIPATED SESSIONS WOULD HOPEFULLY PRODUCE SUFFICIENT CONSENSUS (WITH NECESSARY BRACKETS) ON THE MAJOR AREAS UNDER DISCUSSION TO ALLOW DRAFTING OF SOME LANGUAGE THAT COULD BE USED AS A BASIS FOR A CONSENSUS DOCUMENT.

5. MTN DEL SUPPORTS THE CANADIAN INITIATIVE AS BEING THE

MOST VIABLE METHOD FOR MOVING NEGOTIATIONS FORWARD AT THIS TIME. WE WOULD ENVISAGE THAT THE VARIOUS SECTIONS DEVELOPED IN THE PLURILATERAL SESSIONS WOULD BE EXPOSED TO SELECTED NON-PARTICIPATING COUNTRIES IN EARLY FALL. AFTER RECEIVING THEIR REACTIONS, WE WOULD EXPECT THE GATT SECRETARIAT TO USE THESE SECTIONS TO COMPILE A COMPLETE NEGOTIATING DOCUMENT.

8. AS THE PLURILATERAL NEGOTIATING SESSIONS CONTINUE WORK, THE MULTILATERAL MEETING SHOULD REFLECT THESE INFORMAL DISCUSSIONS. THEREFORE, AT THE FALL MEETING ON GOVERNMENT PROCUREMENT, ANY CONSENSUS DEVELOPED AMONG THE PARTICIPATING DEVELOPED COUNTRIES WOULD BE PRESENTED AND REAFFIRMED IN A MULTILATERAL MEETING. IN THIS MANNER, NON-PARTICIPATING LDC'S WILL HOPEFULLY BE BROUGHT ALONG.

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O 011051Z JUN 77  
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7. MTN DEL FURTHER BELIEVES THAT MORE SUBSTANTIVE DISCUSSIONS AND QUICKER PROGRESS WOULD RESULT IF WE APPROACH THE GOVERNMENT PROCUREMENT NEGOTIATIONS AS A

TWO STEP PROCESS. FIRST, OUR EFFORTS SHOULD BE DIRECTED TOWARDS REACHING CONSENSUS ON DRAFT LANGUAGE OF A GOVERNMENT PROCUREMENT CODE WITHOUT CONCERN FOR THE ENTITIES THAT WILL EVENTUALLY BE COVERED. THIS SHOULD BE THE EASIER PART OF THE PROCESS. ONCE AGREEMENT ON SUCH A DOCUMENT HAS BEEN REACHED, THE SECOND STEP WOULD BE TO ENTER THE HARD NEGOTIATIONS ON COVERAGE AND ENTITIES. THIS HAS ALWAYS BEEN RECOGNIZED AS THE HARDEST NUT TO CRACK IN THESE NEGOTIATIONS AND DISCUSSION ON ENTITIES NOW WILL ONLY UNNECESSARILY COMPLICATE OUR WORK. THE LIMITED OFFICIAL USE

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CANADIANS WILL PUSH TO HAVE ENTITIES AS A MAJOR AREA FOR IMMEDIATE CONSIDERATION, BUT THE MTN DEL BELIEVES THAT THE TWO STEP PROCESS WOULD BE THE MOST BENEFICIAL MEANS OF PROCEEDING IN THIS AREA. WE SHOULD MAINTAIN THAT THE DETERMINATION OF PRODUCT COVERAGE PER SE IS NOT NECESSARY WHEN DISCUSSING PROCUREMENT PRINCIPLES AND RULES. ONCE THE LATTER ARE DETERMINED, WE WOULD MOVE ON ENTITY COVERAGE. THIS TIMING SHOULD FIT IN WELL WITH PROGRESS IN OTHER AREAS, SUCH AS TARIFFS, WHERE THERE ARE CLEAR LINKAGES.

8. THE OTHER ISSUE LIKELY TO BE DISCUSSED IN DETAIL AT JUNE 14 MEETING WILL BE SPECIAL AND DIFFERENTIAL TREATMENT UNDER THE VARIOUS TOPICS. MTN DEL WOULD SUGGEST THAT US REITERATE ITS PREVIOUS RESPONSE ON THIS ISSUE (I.E. WE AGREE THIS IS AN AREA FOR S&D AND WE WILL TAKE INTO CONSIDERATION WHATEVER VIEWS DEVELOPING COUNTRIES HAVE FOR GRANTING S&D, BUT THAT IT IS PREMATURE AT THIS STAGE TO DISCUSS S&D IN DETAIL UNTIL WE HAVE SOME IDEA WHAT THE ULTIMATE DRAFT CODE WILL LOOK LIKE.) CULBERT

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## Message Attributes

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